

THE WHITE HOUSE
WASHINGTON

May 17, 1966

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

Subject: User charges

When the Federal Government provides special services for special groups, it is both good economics and good government to charge fees for these services

- good economics, because user charges make possible an efficient allocation of resources among alternative programs
- good government, because user charges ensure equitable treatment of the general taxpayer.

At a Cabinet meeting on February 11, 1965, I emphasized the importance of user charges and called on each of you to

- develop and actively support legislative proposals to establish or revise user charges
- review and keep up-to-date user charges which are established administratively.

The Bureau of the Budget has just released a report on the results of the user charge program during fiscal year 1965. Progress was made. These are the highlights:

- collections from user charges were \$1,408 million, up \$137 million over the year before
- Congress enacted three significant user charge measures which
 - ° made permanent the 5% ticket tax on air passenger travel
 - ° increased Patent Office fees -- for the first time since 1932
 - ° increased security registration fees.

- Executive departments and agencies, through administrative action, increased 171 fees, decreased 28 fees, and established 56 new fees. For example
 - the Atomic Energy Commission established a new fee for the conversion of U-233 uranyl nitrate to oxide and metal
 - the Food and Drug Administration increased fees for establishing tolerances for pesticide chemicals
 - the Agricultural Stabilization and Conservation Service substantially decreased fees charged to producers applying for price-support loans, reflecting a simplified loan operations procedure.

All of these accomplishments represent progress, but there is still much to do.

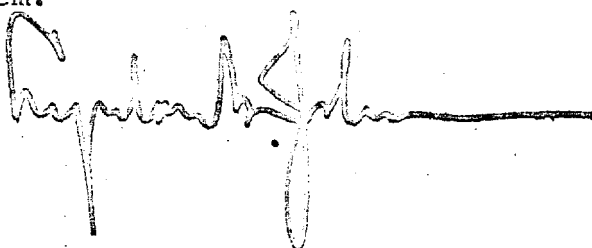
First, important user charge measures requested in my budget are now pending before the Congress. These proposals involve diverse activities of the Federal Government. Their passage would add \$326 million in user charge receipts. Transportation user charges alone -- for air, highway, and waterway transportation -- would add \$245 million.

I again call on each of you to give user charge legislative proposals your continuing active support.

Second, the responsibility for reviewing and revising administrative user charges is a continuing one. These charges should reflect the costs of providing service: if costs rise, user charges should be increased; if costs fall, user charges should be reduced.

I again ask you to keep administrative user charges current.

User charges are an essential element in responsible Federal fiscal management. I am determined that user charges in this Administration will be as comprehensive and current as our efforts can make them.



SUSPENSE: 26 MAY

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John:			
Please look over the attached Presidential memo on user charges. Neither the DCI nor DDCI has seen it and there is no obligation for the Agency to report to the President or BOB. However, it would seem prudent to get a fix on our situation. I suggest you have the staff develop for Colonel White a status report on how we are now applying the user charge procedure -- if at all -- and make recommendations as you see fit as to what we should be doing with user charges, if anything.			
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